



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

PREFACE

The addresses and papers published in this volume were presented at the semi-annual meeting of the Academy of Political Science, fortieth year, held at the Hotel Astor, New York City, on April 30, 1920. In planning the meeting, the Committee on Arrangements undertook to provide a forum for the discussion of leading foreign and American authorities of the most urgent economic problem of the day.

INFLATION AND HIGH PRICES—mounting living costs and the readjustments in wages and other incomes that they necessitate—these are proving only less unsettling to the world than was the Great War itself. Amid all of the diversity of opinion expressed in the following pages, agreement in regard to certain fundamentals stands forth clearly. That inflation is the major reason for high prices is generally conceded. That among its causes are excessive issues of paper currencies and an unprecedented expansion of bank credit in connection with government borrowing is also accepted. Inflation being the cause, deflation—gradual deflation, since a sudden contraction might prove worse than the disease—is the obvious remedy. To bring this about governments must return to the sound peace policy of living within their incomes, that is, refraining from adding further to their indebtedness, and beginning, on however small a scale, repayment of outstanding loans. That this is not an impossible counsel of perfection is attested by the substantial progress already made by the United Kingdom, by France and by Italy, as set forth in the significant papers by Mr. Broderick, M. Casenave and Professor Attolico which follow. It is equally certain that to succeed in this program governments must have the same whole-hearted coöperation on the part of their citizens that they were able to command so signally during the war. The first form of indebtedness that should be retired is the excessive issues of paper currencies. Any progress toward such retirement means the continued imposition of heavy taxes. Not only must these still be borne, but unless to the saving which they require of taxpayers are added voluntary savings to take over from the banks the government securities with which they are now loaded up and to restore the capital equipment of the world's industries, the attempt to reestablish normal conditions must fail. Along with and as the source of this great volume of saving there must be increased production.

The committee was so impressed with the vital importance of this last factor that several of the important addresses deal exclusively with Increased Production as a Remedy. The emphasis on the contribution to this end which may be made through the elimination of industrial disturbances in Governor Allen's address, and the service which may be rendered even by the profiteer brought out by Mr. Roberts, are particularly worthy of attention.

For the United States to increase production is easy. But European countries lack the raw materials necessary to set their factories in motion and also the means to purchase these materials. In addition to diagnosing in masterly fashion the causes of the world's ills, Mr. Paul Warburg in his address on "Inflation as a World Problem" presents an earnest plea for the working out of practicable plans for bringing together surplus American raw materials and idle European labor. How this may be accomplished through the banking associations authorized by the Edge Act is explained by Mr. W. S. Kies.

The success of these meetings in bringing together the notable papers which follow, was due first and foremost to the speakers themselves, to whom the grateful thanks of the Academy are extended. Special acknowledgment should be made to the distinguished foreign participants, the Honorable J. Joyce Broderick, Commercial Counsellor of the British Embassy, M. Maurice Casenave, French High Commissioner to the United States, and Professor B. Attolico, Italian Minister Plenipotentiary and Commissioner General for Finance and Economic Matters. Although unable to be present in person, Hartley Withers, Esq., editor of *The Economist*, London, generously submitted the valuable paper which follows his name. Only less important was the assistance rendered by the Committee on Arrangements, Messrs. Paul D. Cravath, A. Barton Hepburn, J. H. Hollander, Pierre Jay, Samuel McCune Lindsay, R. C. McCrea, Wesley C. Mitchell, Dwight W. Morrow, Seward Prosser, Albert Shaw, F. A. Vanderlip, Paul Warburg, and H. Parker Willis, to whom the Academy also extends its expressions of appreciation.

THE EDITOR.